

Property Tax Payments, 2002-2003

- Greene County -

Indiana Legislative Services Agency

June 2005

The Indiana Supreme Court found Indiana's true tax value assessment rules to be unconstitutional in December 1998. Major changes in property tax payments in each county from 2002 to 2003 were caused by several factors, including:

- The move from the old true tax value assessment rules to the new market-oriented rules during the 2002-2003 property tax reassessment.
- Tax levy increases by local taxing units, which are influenced by spending and the availability of other revenue sources.
- The tax restructuring provisions enacted by the General Assembly in 2002 to help mitigate some of the effects of the assessment changes.

*State Tax Credits Increased in
Greene County from \$3.3 Million
in 2002 to \$6.4 Million in 2003.*

The General Assembly's restructuring provisions increased state tax credits statewide in 2003 from \$1.12 billion to \$1.87 billion, an increase of approximately \$748 million. In Greene County, state tax credits

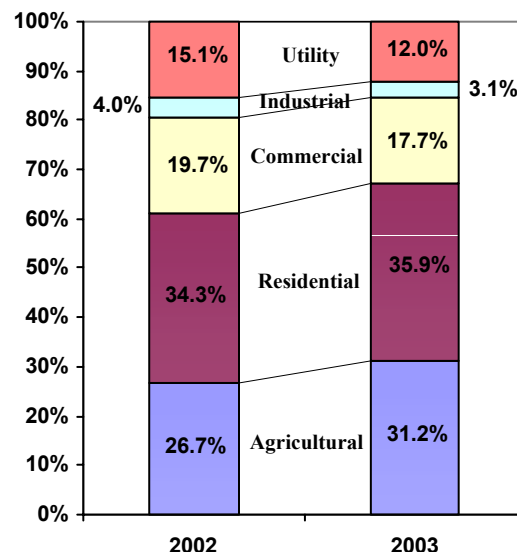
Table 1. Changes in AV and Tax Bills by Property Class for Greene County, 2002-2003.

Property Class	Change In		
	Total Gross AV	Net AV	Net Tax Bill
Agricultural	90.9%	76.6%	7.3%
Residential (All)	94.2%	59.1%	-3.6%
Homestead Only	99.4%	52.4%	-8.1%
Commercial	24.9%	25.4%	-17.5%
Industrial	9.3%	9.8%	-29.1%
Utility	6.9%	6.9%	-27.0%
Avg. All Classes	66.5%	47.7%	-8.0%

increased from \$3.34 million to \$6.36 million, an increase of \$3.02 million. This paper provides a brief summary of how these factors changed property tax liabilities in Greene County.

Tax Shifts. All property classes except agriculture saw tax decreases in Greene County in 2003 (see Table 1). Gross assessed value (AV) of agricultural and residential property nearly doubled. Net AV of residential property increased less because the homestead deduction increased. Only the homestead portion of agricultural assessed value was eligible for this deduction. Business assessed values increased by much smaller amounts. As a result, the net tax bills of agricultural property increased, residential property owners saw a tax decrease, and commercial, industrial, and utility taxpayers saw large tax decreases. [Restructuring also incorporated an increase in the Utility Receipts Tax to compensate for reduced property tax payments by utilities.] These figures include the effects of new construction, demolition and

Figure 1. Share of Net Property Tax Billings in Greene County.



* May not total 100% due to taxes paid by exempt/undefined parcels.

remodeling of property, as well as the effects of reassessment, tax restructuring and levy increases.

Homeowners and Renters. The residential property type includes both homestead and non-homestead residential property. Owners of agricultural homesteads in Greene County saw their tax bills increase while the average residential property tax bill decreased. Tax bills for residential homesteads also decreased. A property is eligible for the homestead deduction and credit if it is occupied by its owner and is the owner's primary residence. The increase in the homestead deduction from \$6,000 to \$35,000 is the reason that residential net assessed value rose so much less than gross assessed value.

Tax bills on non-homestead residential property, which is primarily rental property, increased by an amount similar to the increase for agricultural homesteads, while taxes on residential homesteads decreased. Taxes rose because assessments increased on all residential property, but rental property was not eligible for the homestead deduction or homestead credit.

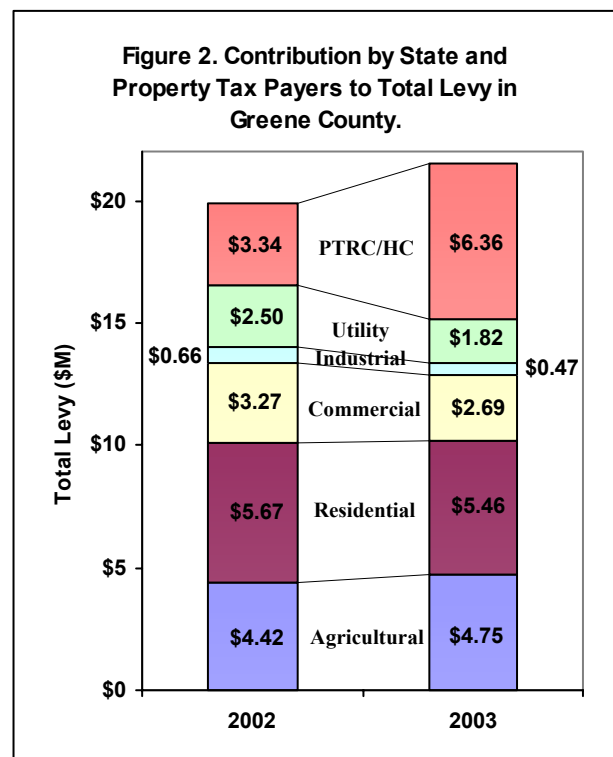
Table 2 shows tax changes for comparable properties, those with physical features that were unchanged from 2002 to 2003. In Greene County, slightly more residential property owners (including both homeowners and rental property owners) saw tax bill increases than decreases in 2003. Separately, two-thirds of homestead owners saw decreases rather than increases.

Table 2. Distribution of Net Tax Changes on Comparable Residential Property in Greene County.				
	Residential - Actual -	Homestead - Actual -	Residential - NO Levy Change -	Homestead - NO Levy Change -
Increased	51.7%	32.6%	47.5%	28.2%
Decreased	48.3%	67.4%	52.5%	71.8%
Increased 100% or More	11.5%	5.2%	10.5%	4.8%
Decreased 25% or More	22.9%	34.3%	26.3%	39.1%
Average Change (\$)	-\$22	-\$88	-\$40	-\$111
Average Change (%)	-5.5%	-14.9%	-9.8%	-18.8%
* Percentages represent the percentage of parcels affected.				

Not all of the tax bill change was due to reassessment and tax restructuring. Some was due to increases in the tax levies of local units of government. Table 2 shows estimates of what would have happened had tax levies remained unchanged. The estimates are made by recalculating tax rates for 2003 using tax levies from 2002.

With no levy changes, slightly more than half of all residential property owners would have seen tax decreases. For homesteads, more than 70% would have seen tax decreases. Apart from levy increases, reassessment and restructuring reduced the taxes of substantially more homeowners than they increased.

Agriculture. Taxes on agricultural property in Greene County rose. Overall, agricultural business taxes rose less than agricultural homestead taxes. The net assessed value on non-homestead agricultural real property almost doubled. This reflects the 112% increase in the base rate of farm land, from \$495 to \$1,050 per acre. Agricultural net personal property assessments increased by a smaller amount. Net assessments of agricultural homesteads rose more in Greene than in most counties.



Business. Taxes on business property fell substantially in Greene County because assessed values rose much less than residential and agricultural assessments. Business real property was assessed closer to the market value standard under the old assessment rules than was residential property. Consequently, the shift to market value assessment increased business assessments less. The general rise in assessed values in Greene County reduced tax rates, and this cut tax bills for owners of property with smaller assessment increases, like businesses.

Tax Restructuring. The tax restructuring of 2002 made significant changes to property tax assessments, deductions, credits, and hence to overall tax payments. Restructuring reversed personal property rule changes which the Department of Local Government Finance had put in place. It replaced one tax break for homeowners, known as the shelter allowance, with a larger (in most cases) homestead deduction. Restructuring also increased property tax replacement credits (PTRC) from the existing 20% credit. PTRC on school general fund levies is now 60% for all property. A 20% PTRC is paid to real property owners on civil levies plus the remaining school general fund levies (after the 60% credit). Restructuring also raised the homestead credit to 20% of net qualifying levies, instead of allowing it to revert to 4% of gross qualifying levies in 2003. Figure 2 shows the net levies paid by each property classification along with the PTRC and state homestead credit contributions. The contribution to local levies in Greene County by PTRC and state homestead credit payments increased by approximately 90%, from \$3.3 million to \$6.4 million.

Table 3 shows estimates of how Greene County tax bills would have changed for each property type had tax restructuring not been adopted. Tax increases for residential and agricultural property owners would have been particularly large. The increases in the homestead deduction and PTRC in the tax restructuring reduced the size of these tax increases for agricultural property and eliminated the increase for residential property owners. Greene County residential property taxes decreased because the reassessment business-to-residential tax shift, plus the increase in the tax levy, was fully offset by the rise in the homestead deduction and higher state PTRC payments. The larger PTRC payments are also responsible for increasing the tax cuts received by commercial and industrial property. The percentage changes in the “With Restructuring” column of Table 3 correspond to the changes in the net levies in Figure 2.

Table 3. Effect of Tax Restructuring on Tax Bills by Property Type in Greene County, 2002-2003.			
Property Type	No Restructuring (Estimated)	With Restructuring (Actual)	Difference
Agricultural	27.2%	7.3%	-19.9%
Residential (All)	34.6%	-3.6%	-38.2%
Homestead Only	48.7%	-8.1%	-56.8%
Commercial	-14.3%	-17.5%	-3.2%
Industrial	-23.1%	-29.1%	-6.0%
Utility	-28.4%	-27.0%	1.5%

List of Attached Summary Tables. Four summary tables are attached to provide additional information regarding assessed values and taxes by property class.

Summary Table 1: Comparison of 2002 and 2003 Net Property Tax Billings by Property Classification. This table summarizes net tax billings for real and personal property by property class. Additional information is provided for subclasses such as homesteads, agricultural homesteads, agricultural land, and rental properties.

Summary Table 2: Comparison of 2002 and 2003 Net Assessed Value by Property Classification. This table summarizes net assessed values for the same property classes described in Summary Table 1.

Summary Table 3: Changes in Assessed Values, Deductions, Credits, and Net Levies. This table summarizes the county-wide changes in tax bill components from 2002 to 2003 for real and personal property by property class.

Summary Table 4: Residential Property Summary. This table summarizes the assessed value and net tax changes from 2002 to 2003 for residential property. The table includes a distribution of net tax changes for comparable residential properties and for the homestead component of residential property. The table also depicts the distribution of changes as if there were no levy increase in 2003.

Greene County
Changes in Assessed Values, Deductions, Credits and Net Levies
Pay 2002 - Pay 2003

	Total	Agriculture	Residential	Res-Hmstd	Commercial	Industrial	Utility
Pay 2002							
Real Gross Assessed Value	521,478,793	182,060,288	265,981,292	209,435,924	59,968,093	12,772,311	696,808
Real Deductions	72,161,694	15,433,054	55,759,891	55,759,891	616,812	351,937	0
Real Net Assessed Value	449,317,099	166,627,234	210,221,401	153,676,033	59,351,281	12,420,374	696,808
Personal Gross Assd. Value	185,219,631	13,306,880	3,955,930	0	54,653,358	13,154,383	100,149,080
Personal Deductions	665,400	0	37,270	0	628,130	0	0
Personal Net Assd. Value	184,554,231	13,306,880	3,918,660	0	54,025,228	13,154,383	100,149,080
Total Gross Assessed Value	706,698,424	195,367,168	269,937,222	209,435,924	114,621,451	25,926,694	100,845,888
Total Deductions	72,827,094	15,433,054	55,797,161	55,759,891	1,244,942	351,937	0
Total Net Assessed Value	633,871,330	179,934,114	214,140,061	153,676,033	113,376,509	25,574,757	100,845,888
Gross Levy	19,829,976	5,271,239	7,091,426	5,051,534	3,802,108	761,473	2,903,730
PTRC (Calculated)	2,730,718	710,394	973,951	689,429	536,895	105,146	404,332
State/County Homestead Cr. (Calculated)	584,889	137,825	447,064	447,064	0	0	0
Net Levy	16,514,368	4,423,020	5,670,411	3,915,042	3,265,212	656,327	2,499,398
Pay 2003							
Real Gross Assessed Value	977,759,127	358,981,490	519,819,844	417,520,895	83,518,065	14,595,794	843,934
Real Deductions	239,043,229	55,146,433	183,386,578	183,386,578	472,043	38,175	0
Real Net Assessed Value	738,715,898	303,835,057	336,433,266	234,134,317	83,046,022	14,557,619	843,934
Personal Gross Assd. Value	198,547,111	13,892,980	4,342,790	0	59,631,618	13,752,093	106,927,630
Personal Deductions	722,585	0	18,880	0	469,110	234,595	0
Personal Net Assd. Value	197,824,526	13,892,980	4,323,910	0	59,162,508	13,517,498	106,927,630
Total Gross Assessed Value	1,176,306,238	372,874,470	524,162,634	417,520,895	143,149,684	28,347,886	107,771,564
Total Deductions	239,765,814	55,146,433	183,405,458	183,386,578	941,153	272,770	0
Total Net Assessed Value	936,540,424	317,728,037	340,757,176	234,134,317	142,208,531	28,075,116	107,771,564
Gross Levy	21,653,683	6,953,490	8,102,469	5,514,186	3,549,430	637,820	2,410,475
PTRC (Calculated)	5,948,731	2,086,473	2,249,401	1,528,849	854,716	172,349	585,792
State/County Homestead Cr. (Calculated)	509,931	120,830	389,101	389,101	0	0	0
Net Levy	15,195,022	4,746,187	5,463,968	3,596,236	2,694,713	465,471	1,824,683
COMPARISONS							
Net Levy Percent Change	-8.0%	7.3%	-3.6%	-8.1%	-17.5%	-29.1%	-27.0%
Contributions to Tax Bill Changes, 2002-2003							
Percent Changes	Total	Agriculture	Residential	Res-Hmstd	Commercial	Industrial	Utility
Gross Real AV	87.5%	97.2%	95.4%	99.4%	39.3%	14.3%	21.1%
Gross Personal AV	7.2%	4.4%	9.8%	0.0%	9.1%	4.5%	6.8%
Total Gross Assessed Value	66.5%	90.9%	94.2%	99.4%	24.9%	9.3%	6.9%
Net Assessed Value	47.7%	76.6%	59.1%	52.4%	25.4%	9.8%	6.9%
Gross Levy	9.2%	31.9%	14.3%	9.2%	-6.6%	-16.2%	-17.0%
Net Levy	-8.0%	7.3%	-3.6%	-8.1%	-17.5%	-29.1%	-27.0%
Actual State Credits, 2002 and 2003							
	2002	2003	Change	Change%			
PTRC (Abstract)	2,742,419	5,849,533	3,107,114	113.3%			
State Homestead Cr. (Abstract)	597,339	511,524	-85,815	-14.4%			
Total State Credits (Abstract)	3,339,758	6,361,057	3,021,299	90.5%			

Comparison of 2002 and 2003 Net Property Tax Billings*
(Scaled to Abstract Values)
By Property Classification**
Greene County

Property Classification	2002 Net Tax	2003 Net Tax	Difference***	Change***	2002 % of Total Real + Pers	2003 % of Total Real + Pers	Change
<u>Real + Personal</u>							
Agricultural	4,423,020	4,746,187	323,167	7.3%	26.7%	31.2%	4.5%
Residential	5,670,411	5,463,968	-206,443	-3.6%	34.3%	35.9%	1.6%
Commercial	3,265,212	2,694,713	-570,499	-17.5%	19.7%	17.7%	-2.0%
Industrial	656,327	465,471	-190,856	-29.1%	4.0%	3.1%	-0.9%
Utility	2,499,398	1,824,683	-674,715	-27.0%	15.1%	12.0%	-3.1%
Exempt	33,387	25,266	-8,121	-24.3%	0.2%	0.2%	0.0%
Undefined	0	0	0		0.0%	0.0%	0.0%
Total	16,547,755	15,220,288	-1,327,467	-8.0%	100.0%	100.0%	0.0%
<u>Real Property Only</u>							
Agricultural	4,091,929	4,506,006	414,077	10.1%	24.7%	29.6%	4.9%
Residential	5,563,915	5,393,910	-170,005	-3.1%	33.6%	35.4%	1.8%
Commercial	1,760,609	1,514,625	-245,984	-14.0%	10.6%	10.0%	-0.7%
Industrial	322,646	231,015	-91,631	-28.4%	1.9%	1.5%	-0.4%
Utility	20,757	15,501	-5,256	-25.3%	0.1%	0.1%	0.0%
Exempt	33,387	25,266	-8,121	-24.3%	0.2%	0.2%	0.0%
Undefined	0	0	0		0.0%	0.0%	0.0%
Total	11,793,243	11,686,323	-106,920	-0.9%	71.3%	76.8%	5.5%
Agricultural Homesteads	1,626,250	1,803,947	177,697	10.9%	9.8%	11.9%	2.0%
Residential Homesteads	3,915,042	3,596,236	-318,806	-8.1%	23.7%	23.6%	0.0%
Total Homesteads	5,541,292	5,400,183	-141,109	-2.5%	33.5%	35.5%	2.0%
Non-Homestead Residential	1,648,874	1,797,674	148,800	9.0%	10.0%	11.8%	1.8%
Apartments (Over 4 Units)	190,375	217,144	26,769	14.1%	1.2%	1.4%	0.3%
<u>Personal Property Only</u>							
Agricultural	331,091	240,181	-90,910	-27.5%	2.0%	1.6%	-0.4%
Residential	106,495	70,058	-36,437	-34.2%	0.6%	0.5%	-0.2%
Commercial	1,504,604	1,180,089	-324,515	-21.6%	9.1%	7.8%	-1.3%
Industrial	333,682	234,456	-99,226	-29.7%	2.0%	1.5%	-0.5%
Utility	2,478,641	1,809,182	-669,459	-27.0%	15.0%	11.9%	-3.1%
Total	4,754,513	3,533,966	-1,220,547	-25.7%	28.7%	23.2%	-5.5%
Total Depreciables	3,493,835	2,672,341	-821,494	-23.5%	21.1%	17.6%	-3.6%
Total Inventory	1,154,183	791,566	-362,617	-31.4%	7.0%	5.2%	-1.8%
<u>Agricultural Only</u>							
Ag Non-Hmstd Real	2,465,679	2,702,059	236,380	9.6%	14.9%	17.8%	2.9%
Ag Personal	331,091	240,181	-90,910	-27.5%	2.0%	1.6%	-0.4%
Total Ag Business	2,796,770	2,942,240	145,470	5.2%	16.9%	19.3%	2.4%
Ag Homesteads	1,626,250	1,803,947	177,697	10.9%	9.8%	11.9%	2.0%

* "Tax billings" for real property refers to the net taxes charged per the parcel level data received from county auditors and assessors, scaled to values reported on the county auditor's abstract.

* "Tax billings" for personal property refers to the net taxes charged on the personal property assessed value reported on the county auditor's abstract.

** Property class was determined using a combination of county auditor parcel-level real property tax data, county assessor parcel-level real property assessment data, county auditor abstracts, Form 15 personal property assessment data, business and farmer's personal property tax returns over \$150,000 AV, and state distributable utility tax returns.

*** Net tax changes from 2002 to 2003 include effects of changes in assessment methods, local levies, real property physical characteristics, property use, personal property held or acquired, deductions, and credits.

Comparison of 2002 and 2003 Net Assessed Value*
(Scaled to Abstract Values)
By Property Classification**
Greene County

Property Classification	2002 Net AV	2003 Net AV	Difference***	Change***	2002 % of Total Real + Pers	2003 % of Total Real + Pers	Change
<u>Real + Personal</u>							
Agricultural	179,934,114	317,728,037	137,793,923	76.6%	28.3%	33.9%	5.5%
Residential	214,140,061	340,757,176	126,617,115	59.1%	33.7%	36.3%	2.6%
Commercial	113,376,509	142,208,531	28,832,022	25.4%	17.9%	15.2%	-2.7%
Industrial	25,574,757	28,075,116	2,500,359	9.8%	4.0%	3.0%	-1.0%
Utility	100,845,888	107,771,564	6,925,676	6.9%	15.9%	11.5%	-4.4%
Exempt	1,156,197	1,462,201	306,004	26.5%	0.2%	0.2%	0.0%
Undefined	0	0	0		0.0%	0.0%	0.0%
Total	635,027,526	938,002,625	302,975,099	47.7%	100.0%	100.0%	0.0%
<u>Real Property Only</u>							
Agricultural	166,627,234	303,835,057	137,207,823	82.3%	26.2%	32.4%	6.2%
Residential	210,221,401	336,433,266	126,211,865	60.0%	33.1%	35.9%	2.8%
Commercial	59,351,281	83,046,022	23,694,741	39.9%	9.3%	8.9%	-0.5%
Industrial	12,420,374	14,557,619	2,137,245	17.2%	2.0%	1.6%	-0.4%
Utility	696,808	843,934	147,126	21.1%	0.1%	0.1%	0.0%
Exempt	1,156,197	1,462,201	306,004	26.5%	0.2%	0.2%	0.0%
Undefined	0	0	0		0.0%	0.0%	0.0%
Total	450,473,295	740,178,099	289,704,804	64.3%	70.9%	78.9%	8.0%
Agricultural Homesteads	67,863,132	125,282,006	57,418,874	84.6%	10.7%	13.4%	2.7%
Residential Homesteads	153,676,033	234,134,317	80,458,284	52.4%	24.2%	25.0%	0.8%
Total Homesteads	221,539,165	359,416,323	137,877,158	62.2%	34.9%	38.3%	3.4%
Non-Homestead Residential	56,545,368	102,298,949	45,753,581	80.9%	8.9%	10.9%	2.0%
Apartments (Over 4 Units)	6,408,179	11,861,595	5,453,416	85.1%	1.0%	1.3%	0.3%
<u>Personal Property Only</u>							
Agricultural	13,306,880	13,892,980	586,100	4.4%	2.1%	1.5%	-0.6%
Residential	3,918,660	4,323,910	405,250	10.3%	0.6%	0.5%	-0.2%
Commercial	54,025,228	59,162,508	5,137,280	9.5%	8.5%	6.3%	-2.2%
Industrial	13,154,383	13,517,498	363,115	2.8%	2.1%	1.4%	-0.6%
Utility	100,149,080	106,927,630	6,778,550	6.8%	15.8%	11.4%	-4.4%
Total	184,554,231	197,824,526	13,270,295	7.2%	29.1%	21.1%	-8.0%
Total Depreciables	138,024,586	152,602,735	14,578,149	10.6%	21.7%	16.3%	-5.5%
Total Inventory	42,610,985	40,897,881	-1,713,104	-4.0%	6.7%	4.4%	-2.3%
<u>Agricultural Only</u>							
Ag Non-Hmstd Real	98,764,103	178,553,051	79,788,948	80.8%	15.6%	19.0%	3.5%
Ag Personal	13,306,880	13,892,980	586,100	4.4%	2.1%	1.5%	-0.6%
Total Ag Business	112,070,983	192,446,031	80,375,048	71.7%	17.6%	20.5%	2.9%
Ag Homesteads	67,863,132	125,282,006	57,418,874	84.6%	10.7%	13.4%	2.7%

* "Net Assessed Value" for real property refers to the gross AV less deductions per the parcel level data received from county auditors and assessors, scaled to values reported on the county auditor's abstract.

* "Net Assessed Value" for personal property refers to the gross personal property assessed value reported on the county auditor's abstract less the deductions reported on the abstract.

** Property class was determined using a combination of county auditor parcel-level real property tax data, county assessor parcel-level real property assessment data, county auditor abstracts, Form 15 personal property assessment data, business and farmer's personal property tax returns over \$150,000 AV, and state distributable utility tax returns.

*** Net AV changes from 2002 to 2003 include effects of changes in assessment methods, real property physical characteristics, property use, personal property held or acquired, and deductions.

**Greene County
Residential Property Summary
2003 Reassessment**

Property Type	Change in Gross AV 2002 to 2003	Change in Net AV 2002 to 2003	Change in Net Tax 2002 to 2003	Change in Net Tax With NO Cert. Levy Chg. 2002 to 2003
All Real Residential Properties	103%	66%	0%	-4%
Comparable Residential Real Prop.	91%	55%	-5%	-10%
Comparable Homesteads	93%	42%	-15%	-19%

Distribution of Net Tax Changes on Comparable Residential Property

% Change		2002 to 2003 Actual Bills All Residential Property		2002 to 2003 Actual Bills Homesteads Only		2002 to 2003 Recomputed Bills With NO Certified Levy Change All Residential Property		2002 to 2003 Recomputed Bills With NO Certified Levy Change Homesteads	
Over	300%	368	2.9%	109	1.7%	329	2.6%	99	1.5%
200%	to 300%	232	1.8%	61	0.9%	213	1.7%	54	0.8%
100%	to 200%	877	6.8%	174	2.6%	805	6.2%	167	2.5%
50%	to 100%	1,598	12.4%	280	4.2%	1,570	12.2%	250	3.8%
25%	to 50%	918	7.1%	381	5.8%	737	5.7%	319	4.8%
10%	to 25%	1,058	8.2%	437	6.6%	983	7.6%	369	5.6%
5%	to 10%	474	3.7%	236	3.6%	416	3.2%	193	2.9%
0	to 5%	1,132	8.8%	471	7.1%	1,061	8.2%	410	6.2%
0	to -5%	603	4.7%	343	5.2%	589	4.6%	298	4.5%
-5%	to -10%	712	5.5%	463	7.0%	632	4.9%	367	5.6%
-10%	to -25%	1,964	15.2%	1,379	20.9%	2,160	16.8%	1,495	22.7%
-25%	to -50%	2,190	17.0%	1,710	25.9%	2,528	19.6%	1,940	29.4%
Below	-50%	759	5.9%	554	8.4%	862	6.7%	637	9.7%
		12,885	100.0%	6,598	100.0%	12,885	100.0%	6,598	100.0%
Parcels With Increases		6,657	51.7%	2,149	32.6%	6,114	47.5%	1,861	28.2%
Parcels With Reductions		6,228	48.3%	4,449	67.4%	6,771	52.5%	4,737	71.8%
Average \$ Change			-\$22		-\$88		-\$40		-\$111
Average % Change			-5.5%		-14.9%		-9.8%		-18.8%

"Comparable Properties" = Properties with a record in both years that have improvements in both years OR no improvements in both years.

Data Source: 2001 and 2003 County Parcel Tax Data - County Auditor and County Assessor
Prepared by Legislative Services Agency, June 2005.